

TOWN OF COULEE CITY  
Grant County, Washington  
January 1, 1994 Through December 31, 1995

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Schedule Of Findings

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1. The Town Should Improve Internal Controls Over Cash Receipts

During our audit of the town, we noted the following internal control weaknesses in the cash receipting system:

- a. Recreational vehicle park receipts were not deposited intact or in a timely manner. During the summer of 1995, the park generated \$48,000. Park attendants held funds for one to two weeks before making a deposit with the town treasurer. In addition, the cash and check composition per the receipts was not reconciled to the deposit. This reconciliation is essential to safeguarding collections.
- b. The town occasionally issued Rediform receipts. These are unofficial forms which don't provide the necessary control and accountability over receipts.
- c. The cash or check composition was not consistently indicated on receipts.

These weaknesses increase the risk that errors and/or theft may occur and not be detected in a timely manner, if at all.

We recommend the town deposit recreational vehicle park revenue timely and intact. We also recommend the town issue only official, prenumbered receipts which denote composition.

Auditee's Response

*The recreational vehicle park issues have been discussed with the park attendant and controls have been improved. The park attendant is turning money in twice a week. The procedures of reconciliation of cash and check composition will be consistently monitored. The town will use only official, pre-numbered receipts.*

Auditor's Concluding Remarks

We appreciate the town's commitment to resolve the issues noted in our finding. We will review the implemented controls during our next audit.

2. The Town Should Comply With Ordinances Governing Utility Collections

Our audit of the town's \$89,000 utility billing system revealed that the collection provisions of adopted town ordinances were not being enforced.

Town Ordinance No. 314 states in part:

. . . it will not furnish water service to any customer whatsoever free of charge . . . .

Town Ordinance No. 391 states in part:

. . . if the delinquent bill is not paid by the 15th of the following month, that resident's water will be shut off . . . .

As of February 1995, we noted that the town continued water service to twenty-seven delinquent accounts. Thirteen of these accounts were more than three months past due. The town's failure to apply collection procedures to utility charges owing may result in a loss of revenue to the town.

We recommend the town comply with established ordinances.

Auditee's Response

*In response to the finding, the town has amended the ordinance pertaining to utility billing and deposits. This amendment requires utility billings to be the responsibility of the property owner. Collection procedures are being monitored and the ordinance is being followed for nonpayment on account.*

Auditor's Concluding Remarks

The town appears to have taken measures to improve collection procedures. We will review the town's progress in this area during our next audit.

3. The Town Should Improve Internal Controls Over Ambulance Billings And Collections

Our audit of the town's \$25,000 ambulance billing system revealed the following internal control weaknesses:

- a. A control account was neither maintained nor reconciled. A control account summarizes the activity of individual accounts. It is necessary to safeguard receipts and ensure the integrity of related accounts.
- b. Late charges were not imposed.

Town Resolution No. 142 states in part:

. . . Failure to pay any charges imposed hereunder within 90 days from the date of initial billing will result in a late charge equal to 11.2% of the unpaid balance per month . . . .

- c. Continuous and timely attempts have not been made to collect amounts owed. As of December 1995, approximately 56 percent of the town's ambulance accounts were delinquent. One year later, many of these accounts remained outstanding.

The town's failure to implement internal controls which ensure that ambulance fees are assessed, tracked, and paid increases the risk that errors and/or theft could occur and not

be detected in a timely manner, if at all. It may also result in a loss of revenue to the town.

We recommend the town establish and periodically reconcile a control account. We also recommend the town assess late charges and implement procedures to collect outstanding amounts.

*Auditee's Response*

*The town will review delinquent accounts and determine if any need to be written off. The town has contracted with a service agency to perform ambulance billings and collections. The town intends to monitor the contracted service.*

*Auditor's Concluding Remarks*

The town has adequately addressed our concerns. We will review implemented controls and arrangements with the contracted service during our next audit.

We also wish to thank town officials and personnel for their assistance and cooperation during the audit.